

**In the Matter of:**

**DEFENDANT**

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) **CASE NO. 95-372**  
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On September 16, 1996, Rattlesnake Ridge filed a Petition for Rehearing. As grounds for its petition, Rattlesnake Ridge stated that it was unable to present some evidence which would have been appropriate for the hearing. Such evidence would include testimony from Gary Larimore, Executive Director of the Kentucky Rural Water Association, regarding "dead-end customers"; and Vernon Brown, Chief of Community & Business Programs for the Rural Economic and Community Development Service, regarding

financing issues and the "ten customers per mile rule of thumb." Rattlesnake Ridge suggested that the Commission may have misunderstood the differences between financing requirements and operating construction guidelines, leading to an erroneous Order.

Rattlesnake Ridge in its petition opined that the Commission focused on financing requirements for water districts in its ruling. It is not clear to the Commission how Rattlesnake Ridge formed this opinion. The Commission in its Order of August 28, 1996 concluded that Mr. Evans' request to have the water line extended to his property was reasonable. It was for this reason that Rattlesnake Ridge was directed to extend its water line to Mr. Evans' property. KRS 278.280(3) provides that:

Any person . . . may come before the Commission and by petition ask that any utility subject to its jurisdiction be compelled to make any reasonable extension. The Commission shall hear and determine the reasonableness of the extension, and sustain or deny the petition in whole or in part.

While 807 KAR 5:066, Section 11(6), states that:

Upon complaint to and investigation by the Commission a utility may be required to construct extensions greater than fifty (50) feet upon a finding by the Commission that such extension is reasonable and that an extension of fifty (50) feet or less is unreasonable under the circumstances.

The fact that the Farmers Home Administration had funded a project which, based on the Engineering Report regarding the project filed with the Commission in Case No. 94-341,<sup>1</sup> included extending a water line out Horton Flats Road, served to support the

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<sup>1</sup> Case No. 94-341, The Application of Rattlesnake Ridge Water District, Carter, Elliott and Lawrence Counties, Kentucky, (1) For a Certificate of Public Convenience and Necessity Authorizing Construction of Major Additions and Improvements to its Water Distribution System; and (2) Seeking Approval of the Issuance of Certain Securities. Final Order issued October 3, 1994.

reasonableness of Mr. Evans' request to have the water line extended to his property. Also supporting the reasonableness of Mr. Evans' request was the numerical data entered in the record of this proceeding which was also fully discussed at the hearing. This numerical data was in fact, as the Commission's Order indicated, "the most significant information revealed."<sup>2</sup>

It was these numbers that refuted Rattlesnake Ridge's argument that it was not economically feasible to provide service to Mr. Evans. If service had been provided to everyone in the Horton Flats area that wanted it, while the average number of feet of line per customer would have gone up by 130 feet, the average still would have been 270 feet less than the project's average and 53 feet less than Rattlesnake Ridge's overall average. To have provided service just to Mr. Evans would have raised the average number of feet of water line in the Horton Flats area by only 40 feet to 437.5 feet of water line per customer. In comparison, on Bear Flats Road, which was part of the same extension project as the Horton Flats area, the average feet of water line extended by Rattlesnake Ridge per customer was 1,016 feet.

The petition filed by Rattlesnake Ridge does not indicate that there is any information available which would make the extension requested by Mr. Evans unreasonable in light of the above-mentioned comparisons. The numerical data will certainly not change. Rattlesnake Ridge proposed to offer more testimony regarding the dead-end customer. As is evident from the transcript, this subject was already the topic of much discussion at the February 29, 1996, hearing. Also the topic of much discussion at the hearing was the so-called ten customers per mile rule of thumb. The Commission does

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<sup>2</sup> Commission's August 28, 1996, Order at page 4.

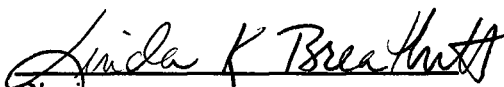
not see what can be gained from any further discussion of this issue. In the petition for rehearing, Rattlesnake Ridge states that Mr. Brown would offer testimony that to extend water to one person in a one mile area is not profitable or a good use of funds. This may very well be, but it has no bearing on this case. To have extended service to Mr. Evans originally would have been to extend service to 15 persons along Horton Flats Road in an area of less than two miles, or to 44 persons in the Horton Flats area in an area of three and two-thirds miles.

IT IS THEREFORE ORDERED that:

1. Rattlesnake Ridge's request for rehearing is denied. Rattlesnake Ridge shall, without any further delay, extend the three-inch water line along Horton Flats Road to the property owned by Mr. Evans.
2. Rattlesnake Ridge shall, within 30 days from the date of this Order, file with the Commission a schedule to which it will adhere in extending the water line to Mr. Evans' property.

Done at Frankfort, Kentucky, this 7th day of October, 1996.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director